

Exhibit 300: Capital Asset Plan and Business Case Summary

Part I: Summary Information And Justification (All Capital Assets)

Section A: Overview (All Capital Assets)

1. Date of Submission: 2010-03-19 17:55:50

2. Agency: 025

3. Bureau: 00

4. Name of this Investment: HSG-663990-FHA Transformation

5. Unique Project (Investment) Identifier: 025-00-01-01-01-1810-00

6. What kind of investment will this be in FY 2011?: Planning

- Planning
- Full Acquisition
- Operations and Maintenance
- Mixed Life Cycle
- Multi-Agency Collaboration

7. What was the first budget year this investment was submitted to OMB? *

8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap; this description may include links to relevant information which should include relevant GAO reports, and links to relevant findings of independent audits.

The U.S. housing market and economy have changed radically over the past 24 months. FHA's mortgage insurance programs have experienced radical changes in turn, especially in applications, underwriting, endorsements, and lender qualifications. After several years of decline, this year the demand for FHA programs has grown to levels outside FHA's historical experience. Applications for FHA mortgage insurance have surpassed 3 million per year. In addition to increasing workload, FHA continues to manage changing risks of defaults and fraud in a changing economy. Underwriting models that may have been adequate in prior years no longer suffice in the face of these changes. Likewise, Congress has responded to the nation's housing problems with major modifications to FHA mortgage insurance programs, which have required comprehensive changes in FHA IT systems. FHA's IT systems have been challenged to adapt to these rapidly changing conditions. FHA has developed an IT Strategy and Improvement Plan (August 14, 2009) to add critical IT capacity, scalability, and adaptability for the business functions most directly affected by the new business requirements facing FHA, namely applications, underwriting, endorsement, and lender qualification. For the Single Family programs at the heart of the current housing crisis, the Plan addresses a radical redesign of these functions, adding new automated tools for underwriting and risk and fraud management and more flexible technical platforms. While Single Family has priority in scheduling and resources, FHA will share the new automated tools and technical platforms with Multifamily and Health Care mortgage insurance programs in phases. The FHA Transformation investment is comprised of four specific areas of focus. They include the following: Risk and Fraud Initiative Automated Underwriting System (AUS) Initiative FHA Infrastructure Initiative Multifamily Housing Business Process Reengineering (BPR) Currently each initiative is in the initial planning phase. HUD management will review the investment after all of the initiation phase plans are completed to reassess baseline costs, schedules and risks.

- a. Provide here the date of any approved rebaselining within the past year, the date for the most recent (or planned) alternatives analysis for this investment, and whether this investment has a risk management plan and risk register.**

9. Did the Agency's Executive/Investment Committee approve this request? *

a. If "yes," what was the date of this approval? *

10. Contact information of Program/Project Manager?

- **Name:** *
- **Phone Number:** *
- **Email:** *

11. What project management qualifications does the Project Manager have? (per FAC-P/PM)? *

- Project manager has been validated according to FAC-PMPM or DAWIA criteria as qualified for this investment.
- Project manager qualifications according to FAC-P/PM or DAWIA criteria is under review for this investment.
- Project manager assigned to investment, but does not meet requirements according to FAC-P/OM or DAWIA criteria.
- Project manager assigned but qualification status review has not yet started.
- No project manager has yet been assigned to this investment.

12. If this investment is a financial management system, then please fill out the following as reported in the most recent financial systems inventory (FMSI):

Financial management system name(s)	System acronym	Unique Project Identifier (UPI) number
*	*	*

a. If this investment is a financial management system AND the investment is part of the core financial system then select the primary FFMIA compliance area that this investment addresses (choose only one): *

- computer system security requirement;
- internal control system requirement;
- core financial system requirement according to FSIO standards;
- Federal accounting standard;
- U.S. Government Standard General Ledger at the Transaction Level;
- this is a core financial system, but does not address a FFMIA compliance area;
- Not a core financial system; does not need to comply with FFMIA

Section B: Summary of Funding (Budget Authority for Capital Assets)

1.

Table 1: SUMMARY OF FUNDING FOR PROJECT PHASES (REPORTED IN MILLIONS) (Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)									
	PY1 and earlier	PY 2009	CY 2010	BY 2011	BY+1 2012	BY+2 2013	BY+3 2014	BY+4 and beyond	Total
Planning:	*	*	*	*	*	*	*	*	*
Acquisition:	*	*	*	*	*	*	*	*	*
Subtotal Planning & Acquisition:	*	*	*	*	*	*	*	*	*
Operations & Maintenance:	*	*	*	*	*	*	*	*	*
Disposition Costs (optional):	*	*	*	*	*	*	*	*	*
SUBTOTAL:	*	*	*	*	*	*	*	*	*
Government FTE Costs should not be included in the amounts provided above.									
Government FTE Costs	*	*	*	*	*	*	*	*	*
Number of FTE represented by Costs:	*	*	*	*	*	*	*	*	*
TOTAL(including FTE costs)	*	*	*	*	*	*	*	*	*

2. If the summary of funding has changed from the FY 2010 President's Budget request, briefly explain those changes:

*

Section C: Acquisition/Contract Strategy (All Capital Assets)

1.

Table 1: Contracts/Task Orders Table

Contract or Task Order Number	Type of Contract/Task Order (In accordance with FAR Part 16)	Has the contract been awarded (Y/N)	If so what is the date of the award? If not, what is the planned award date?	Start date of Contract/Task Order	End date of Contract/Task Order	Total Value of Contract/Task Order (M)	Is this an Interagency Acquisition? (Y/N)	Is it performance based? (Y/N)	Competitively awarded? (Y/N)	What, if any, alternative financing option is being used? (ESPC, UESC, EUL, N/A)	Is EVM in the contract? (Y/N)
NONE											

2. If earned value is not required or will not be a contract requirement for any of the contracts or task orders above, explain why:

*

3. Is there an acquisition plan which reflects the requirements of FAR Subpart 7.1 and has been approved in accordance with agency requirements? *

a. If "yes," what is the date? *

Section D: Performance Information (All Capital Assets)

Table 1: Performance Information Table

Fiscal Year	Strategic Goal(s) Supported	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Target	Actual Results
2010	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Perform automated verification and validation of all lender, principal and officer information on 100% of all new lender application.	0%	100%	
2010	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Perform ongoing evaluations of the algorithm and additional factors used to select cases for Post Endorsement Technical Reviews (PETRS) to ensure relevance with current housing market conditions.	5%	10%	
2010	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Capacity usage below 85% at all times.	95%	85%	
2010	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Perform post approval quality assurance review on 5% of approved applications.	0%	5%	
2010	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Verify property value on 100% of loans prior to insuring	0%	100%	
2010	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Accept new lender applications electronically	0%	100%	
2010	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Collect individual borrower income and employment information prior	0%	100%	

Table 1: Performance Information Table

Fiscal Year	Strategic Goal(s) Supported	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Target	Actual Results
	Accountability			to insuring.			
2011	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Verify individual borrower income and employment information on 10% of loans prior to insuring.	0%	10%	
2011	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Collect individual borrower income and employment information prior to insuring.	0%	100%	
2011	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Perform ongoing evaluations of the algorithm and additional factors used to select cases for Post Endorsement Technical Reviews (PETRS) to ensure relevance with current housing market conditions.	5%	10%	
2010	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	100% of all FHA insured loans will be assessed by the FHA AUS.	0%	100%	
2011	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Verify property value on 100% of loans prior to insuring	0%	100%	
2012	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Collect individual borrower income and employment information prior to insuring.	0%	100%	
2011	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Capacity usage below 85% at all times.	95%	85%	
2012	Goal E: Embrace High Standards of Ethics,	*	*	100% of all FHA insured loans will be assessed by the FHA	0%	100%	

Table 1: Performance Information Table

Fiscal Year	Strategic Goal(s) Supported	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Target	Actual Results
	Management and Accountability			AUS.			
2012	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Perform ongoing evaluations of the algorithm and additional factors used to select cases for Post Endorsement Technical Reviews (PETRS) to ensure relevance with current housing market conditions.	5%	10%	
2011	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	100% of all FHA insured loans will be assessed by the FHA AUS.	0%	100%	
2011	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Perform post approval quality assurance review on 5% of approved applications.	0%	5%	
2012	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Verify property value on 100% of loans prior to insuring	0%	100%	
2012	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Verify individual borrower income and employment information on 10% of loans prior to insuring.	0%	10%	
2011	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Accept new lender applications electronically	0%	100%	
2012	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Perform automated verification and validation of all lender, principal and officer information on 100% of all new lender	0%	100%	

Table 1: Performance Information Table

Fiscal Year	Strategic Goal(s) Supported	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Target	Actual Results
				application.			
2012	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Perform post approval quality assurance review on 5% of approved applications.	0%	5%	
2013	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Accept new lender applications electronically	0%	100%	
2013	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Verify individual borrower income, employment information and property value on 20% of loans prior to insuring.	10%	20%	
2012	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Capacity usage below 85% at all times.	95%	85%	
2013	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Capacity usage below 85% at all times.	95%	85%	
2013	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Process peak year-end recertifications without delay	2000	7000	
2010	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Verify individual borrower income and employment information on 10% of loans prior to insuring.	0%	10%	
2011	Goal E: Embrace High Standards of Ethics, Management and Accountability	*	*	Perform automated verification and validation of all lender, principal and officer information on 100% of all new lender application.	0%	100%	
2013	Goal E: Embrace High	*	*	Multifamily - Percentage of	31%	37.5%	

Table 1: Performance Information Table							
Fiscal Year	Strategic Goal(s) Supported	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Target	Actual Results
	Standards of Ethics, Management and Accountability			the overall 223(f) cases processed within 60 days			

Part II: Planning, Acquisition And Performance Information

Section A: Cost and Schedule Performance (All Capital Assets)

1. Comparison of Actual Work Completed and Actual Costs to Current Approved Baseline								
Description of Milestones	Planned Cost (\$M)	Actual Cost (\$M)	Planned Start Date	Actual Start Date	Planned Completion Date	Actual Completion Date	Planned Percent Complete	Actual Percent Complete
Planning FHA Transformation	\$1.1	\$1.1	2009-04-13	2009-04-13	2009-08-14	2009-08-14	0.00%	100.00%
FY2010 Tasks	*	*	2009-10-01		2010-09-30		0.00%	0.00%
FY2011 Tasks	*	*	2010-10-01		2011-09-30		0.00%	0.00%
FY2012 Tasks	*	*	2011-10-01		2012-09-28		0.00%	0.00%
FY2013 Tasks	*	*	2012-10-01		2013-09-30		0.00%	0.00%
FY2014 Tasks	*	*	2013-10-01		2014-09-30		0.00%	0.00%
FY2015 Tasks	*	*	2014-10-01		2015-09-30		0.00%	0.00%

* - Indicates data is redacted.